Notice of Intent to Certify Sole Source

To: Interested Parties

From: Craig P. Orgeron, Ph.D. *CPO*

CC: ITS Project Number 42679

Date: May 3, 2016

Re: Sole Source Certification Number 3904 for Panaya CloudQuality SAP Suite software and maintenance for the Mississippi Department of Finance & Administration (DFA)

Contact Name: Cerria Walker

Contact Phone Number: 601-432-8013

Contact E-mail Address: cerria.walker@its.ms.gov

Sole Source Certification Award Details

Regarding Information Technology Services (ITS) Sole Source Certification Number 3904 for Panaya CloudQuality SAP Suite software and maintenance for the Mississippi Department of Finance & Administration (DFA), please be advised that ITS intends to award the software and maintenance to Panaya as the sole source provider of Panaya CloudQuality SAP Suite software and maintenance through May 31, 2017, in an amount not to exceed $172,350.00. Should DFA identify a continued need for this product, this sole source certification will be extended through June 30, 2018. For an explanation regarding Mississippi state law, policy and procedures for sole source procurements, refer to Attachment C: Sole Source Procurement Overview.

Sole Source Criteria

1. The product or services being purchased must perform a function for which no other product or source of services exist:

   The Panaya tool will allow DFA to know what areas of Mississippi Accountability System for Government Information and Collaboration (MAGIC) needs to be tested more than others for the upcoming MAGIC upgrade. MAGIC is DFA's statewide accounting system that is an SAP platform. The tool will take the existing MAGIC configurations and source code and compare it against what will be changed in the upgraded source code. The tool will produce reports that will allow DFA to know what areas will be most impacted. Research revealed no other products with similar functionality. The customer's sole source certification request is included as Attachment A.

2. The purchaser must be able to show specific business objectives that can be met only through the unique product or services:

DFA allowed Panaya to do a free high-level assessment of the MAGIC environment to see how the software could help streamline the upgrade process. Based on the findings, Panaya's initial estimate is that using the software could shorten the duration and effort from 1,527 to 714 hours (savings of 813 hours, 53%). Their initial analysis also indicates that 164 hours can be saved by eliminating unnecessary unit tests. This would allow the upgrades to be completed faster.

By having the tool identify the most affected areas, it would also help ensure that production support of the MAGIC system is not impacted. The same resources that are currently supporting MAGIC production are the resources that would be performing the testing for the upgrades. Having the Panaya tool would help identify focus areas in their testing thus having less impact on current production support. The customer's sole source certification request is included as Attachment A.

3. The product or services must be available only from the manufacturer and not through resellers who could submit competitive pricing for the product or services:

The software that is used for the code simulation and evaluation is protected under copyright from Panaya. Per the Panaya's sole source letter, identifying code breaks is a key requirement for the State and only Panaya offers this service. The Panaya software can only be procured from Panaya directly, and there are no resellers. The Vendor's sole source certification letter is included as Attachment B.

Schedule

Task	Date
First Advertisement Date	05/03/16
Second Advertisement Date	05/10/16
Response Deadline From Objectors	05/17/16, at 3:00 P.M. Central Time
Notice of Award/No Award Posted	Not before 05/18/16

Project Details

DFA is in need of software to help automate the evaluation of installed SAP/MAGIC system configuration and source code against released SAP support stack updates. The software will help identify what system areas will be affected by the support stack updates and will help DFA staff know what areas of the system will be most critical for testing efforts. Knowing these areas will help ensure that the system is thoroughly tested, streamline the testing process, and ensure that the upgrade is completed in a timelier manner. While all areas of MAGIC will be tested, the software will help management identify the key areas that need to be tested in detail.

Submission Instructions and Format of Response from Objecting Parties

Interested parties who have reason to believe that the software and maintenance of the Panaya CloudQuality SAP Suite software and maintenance should not be certified as a sole source should provide information in the following format for the state to use in determining whether or not to proceed with awarding the Sole Source contract to Panaya.

    1.1   Interested Party Information

        1.1.1   Contact Name, Phone Number and email address

        1.1.2   Company Website URL, if applicable

    1.2   Objection to Sole Source Certification

1.2.1 Interested parties must present specific objections to the Sole Source certification using the criteria listed above.

1.2.2 A statement regarding the Interested Party's capabilities as related to this Sole Source Certification Request.

1.3 Comments will be accepted at any time prior to Wednesday, May 17, 2016, at 3:00 p.m. (Central Time) to Cerria Walker at cerria.walker@its.ms.gov or at the Mississippi Department of Information Technology Services, 3771 Eastwood Drive, Jackson, Mississippi 39211. Responses may be delivered by hand, via regular mail, overnight delivery, e-mail or by fax. Fax number is (601) 713-6380. ITS WILL NOT BE RESPONSIBLE FOR DELAYS IN THE DELIVERY OF RESPONSES. It is solely the responsibility of the Interested Parties that responses reach ITS on time. Interested Parties may contact Cerria Walker to verify the receipt of their Responses. Responses received after the deadline will be rejected.

1.4 Interested Party responses should include the following information:

SUBMITTED IN RESPONSE TO
Sole Source Certification No. 3904-42679
Accepted until May 17, 2016 @ 3:00 p.m.,
ATTENTION: Cerria Walker

If you have any questions concerning the information above or if we can be of further assistance, please contact Cerria Walker at 601-432-8013 or via email at cerria.walker@its.ms.gov.

Attachment A: Customer Sole Source Certification Request
Attachment B: Vendor Correspondence
Attachment C: Sole Source Procurement Overview

iTS

mississippi department of
Information Technology Services

3771 Eastwood Drive
Jackson, Mississippi 39211
Phone 601-432-8000 Fax 601-713-6380

Sole Source Certification Request

Project Title: MAGIC Testing Software	Stimulus (ARRA) Funds? Yes No X

Customer Contact Information

Agency/Public University: MS Dept. of Finance & Admin. Address:210 East Capitol Street Suite 1400 Jackson, MS 39201	Contact Person: Becky Thompson Phone: 601-359-5136 Fax: 601-359-6551 Email Address: becky.thompson@dfa.ms.gov
MAGIC Customer Number (only required from state agencies): 7000000073	Division/Dept: Handmail: ☒ Yes ☐ No

Project Summary *Narrative Description of Project* (include details of original acquisition if applicable): DFA is in need of software to help automate the evaluation of installed SAP/MAGIC system configuration and source code against released SAP support stack updates. The software will help identify what system areas will be affected by the support stack updates and will help DFA staff know what areas of the system will be most affected. Knowing these areas will help ensure that the system is thoroughly tested, streamline the testing process, and ensure that the upgrade is completed in a timelier manner. While all areas of MAGIC will be tested, the software will help management identify the key areas that need to be tested in detail.

ITS Acquisition Approval (CP-1) should be effective through this date (Please allow time for all vendor invoices to be paid):

Cost Estimates *Fiscal Year*	*Initial Costs*	*Ongoing Costs*	Time Constraints Item Needed by: Funds Expire: June 30, 2016	Anticipated Lifecycle of Products/System (i.e. estimated years of effective use): 1 year
FY2016-2017	$172,350.00	0.00	**Discuss Funding** (e.g. how much of needed funding is definite; total project budget; any matching or other non state funds)	
The subscription would be for a calendar year period.				
Total	$172,350.00			

Acquisition Details

Items Requested	Quantity	Description		Building Location(s)
Panaya CloudQuality Suite for SAP	1 Year Subscription	1 Year Subscription to the Panaya CloudQuality Suite for SAP	ASP Hosted	

Describe platform & infrastructure (connectivity; software/hardware platforms; utilization of State Data Center resources: mainframe, eGovernment portal, payment engine, document management, hosting). For equipment or hosting outside the State Data Center, attach justification:
The tool is ASP hosted.

Progress to Date: What has been done related to this project, including any communication with ITS staff (data/voice/procurement/other)?
Discussed on bi-weekly status call with ITS when this project would be assigned.

Sole Source Certification   Note: Certification must be renewed for each revision or continuation of previous Sole Source Approvals.

Specific business requirements to be met by the requested products or services:
DFA allowed Panaya to do a free high-level assessment of the MAGIC environment to see how the software could help streamline the upgrade process. Based on the findings, Panaya's initial estimate is that using the software could shorten the duration and effort from 1,527 to 714 hours (savings of 813 hours, 53%). Their initial analysis also indicates that 164 hours can be saved by eliminating unnecessary unit tests. This would allow the upgrades to be completed faster.
By having the tool identify the most affected areas, it would also help ensure that production support of the MAGIC system is not impacted. The same resources that are currently supporting MAGIC production are the resources that would be performing the testing for the upgrades. Having the Panaya tool would help identify what areas that they need to focus on in their testing thus having less impact on current production support.

Explain why these products or services are the only ones that can meet your needs (include unique features/special functionality):
The Panaya tool will allow DFA to know what areas of Mississippi Accountability System for Government Information and Collaboration (MAGIC) needs to be tested more than others for the upcoming MAGIC upgrade. MAGIC is DFA's statewide accounting system that is an SAP platform. The tool will take the existing MAGIC configurations and source code and compare it against what will be changed in the upgraded source code. The tool will produce reports that will allow DFA to know what areas will be most impacted.

Explain why the source is the only entity that can provide the products or services (Include other products/vendors researched or evaluated): The software that is used for the code simulation and evaluation is protected under copyright from Panaya. Per the

Attachment A

Panaya's sole source letter, identifying code breaks is a key requirement for the State and only Panaya offers this service. The Panaya software can only be procured from Panaya directly, and there are no resellers. Panaya has completed the required sole source documentation in detail.
Explain why the amount to be expended for the services is reasonable: N/A
Explain what your agency did to obtain the best possible price for the services: N/A

Vendor's Certification of Sole Source attached: ☒ Yes ☐ No	Vendor's proposal submitted: ☒ Yes ☐ No
MAGIC Vendor Code(s) Vendor must be in MAGIC before a CP-1 can be issued. **Place Order To** Vendor Name: Panaya, Inc. Vendor Address: 411 Continental Plaza Suite 800 Hackensack, NJ 07601	**Remit To** Vendor Name: Panaya, Inc. Vendor Address: 411 Continental Plaza Suite 800 Hackensack, NJ 07601

By my signature, I certify that, to the best of my professional knowledge: the requested product or services are a sole source as outlined in the ITS Procurement Handbook, Rule 207.2:013-030 Procurement Types: Sole Source, and as outlined in Mississippi Code annotated Section 31-7-13. In addition, I acknowledge that there is a charge for ITS procurement services associated with this request which will be billed to the requestor by ITS and that my agency/public university is responsible for these charges/costs.

Kevin J. Upchurch / DFA, Executive Director
Name (Agency Head or Institution CIO)/ Title

Kevin J. Upchurch   4/26/16
Signature   Date

PANAYA
An Infosys company

April 3, 2016

RE: Sole Source Document for the State of Mississippi from Panaya

To Whom It May Concern:

As the Regional Director of Panaya Inc., I attest that, to the best of my knowledge, the following information is true and accurate.

Panaya Inc. is the sole developer of Panaya CloudQuality Solutions. Launched in 2006, we can attest that Panaya qualifies for sole source designation for the following reasons:

- Only Panaya, PCQ which is copyrighted, owns over 200 patents to leverage our proprietary method of analyzing millions of code lines performed with our unique run-time simulation,
- Only Panaya designated sales employees can provide pricing and negotiate subscription options,
- Only Panaya can sell our Panaya CloudQuality (PCQ) platform, there are no direct resellers able to sell Panaya,
- Only Panaya can provide Customer Success maintenance support for our PCQ customers,
- Only Panaya PCQ is designed as a SaaS Cloud Platform to provide 48 hour turnaround analysis for SAP Upgrades, SPS maintenance and testing,
- Only Panaya PCQ provided the exact project scope based on Panaya analysis to automate corrections and testing for the State of Mississippi (SOM) to shorten the project duration and effort from 1,527 to 714 hours (savings of 813 hours, 53%) and reduce business disruption compared to a traditional project,
- Only Panaya PCQ can provide an exact prioritization of the State's Technical Code Unit Tests,
- Only Panaya PCQ can provide integrated defect management for the State,
- Only Panaya PCQ can provide Satellite Impact analysis for the State's external systems interfaced to the SAP ECC landscape,
- Only Panaya PCQ can provide impact analysis to the State's Business Warehouse (BW) from the Upgrade,
- Only Panaya PCQ can synchronize your correction activities with your testing activities to further assist in minimizing the project's duration,
- Only Panaya PCQ can provide an automated tool to prevent a high risk of run-time errors on its key processes which would significantly affect SOM's business continuity,
- Only Panaya PCQ has provided thousands of systems analysis for customers worldwide.

Please don't hesitate to contact me for any questions.

Sincerely,

Steven Samberg
Director, Americas
Panaya Inc. USA

Attachment C: Sole Source Procurement Overview

The acquisition of information technology for all state agencies and institutions of higher learning (IHLs) is within the scope of the ITS law, found in Mississippi Code Section 25-53-1, et seq., and the policies and procedures established in accordance with this statute, found in the ITS Procurement Handbook posted on the ITS website (www.its.ms.gov).

ITS enabling legislation requires that information technology hardware, software and services be acquired in a manner that insures the maximum of competition among all manufacturers and suppliers of such equipment and services. Accordingly, ITS promotes full and open competition through the issuance of open specifications and the objective evaluation of Interested Party proposals to determine the lowest and best offering to meet an agency's or public university's business requirements. True competition protects the integrity and credibility of purchasing in the public sector and is essential in providing best value and adequate contractual protection for the purchasing entity. In certain limited situations, information technology acquisitions may be sole-sourced.

ITS utilizes the provisions of Public Purchasing Law for Sole Source and Emergency procurements of information technology. Mississippi Public Purchasing Law (Mississippi Code Section 31-7-13) specifies that noncompetitive items available from one source only be exempted from bid requirements (sole-sourced). ITS statute, in Section 25-53-5 (p), permits ITS to utilize provisions in Public Purchasing Law or regulations, when applicable.

Per Public Purchasing law, acquisitions must meet the following criteria to be authorized as sole source:

1.   The product or services being purchased must perform a function for which no other product or source of services exists,

2.   The purchaser must be able to show specific business objectives that can be met only through the unique product or services, AND

3.   The product or services must be available only from the manufacturer and NOT through resellers who could submit competitive pricing for the product or services. The vendor's correspondence regarding this criterion for this project is included as Attachment B.

By policy as documented in the ITS Procurement Handbook, acquisitions of IT services must include the following information to be authorized as sole source:

1.   An explanation about why the amount to be expended is reasonable, and

2.   An explanation regarding the efforts by the purchaser to obtain the best possible price.

For state agencies, approval of all technology purchases with a lifecycle cost of $5,000 or less, including sole source purchases, has been delegated to the agency. The ITS Procurement Limits Policies for Agencies (a section in the ITS Procurement Handbook) require a minimum of two competitive written bids or proposals for technology purchases with a lifecycle cost over $5,000 but not over $50,000 (not over $25,000 for projects funded by the American Recovery and Reinvestment Act). Since, for single source items, the procuring agency will be unable to obtain two written bids, ITS must certify all sole source acquisitions of information technology with a lifecycle cost greater than $5,000.

Institutions of Higher Learning (IHLs) or public universities have been delegated the authority to certify sole source procurements up to $250,000 lifecycle cost under the ITS Procurement Limits Policies for IHLs (a section in the ITS Procurement Handbook). For the certification of sole source procurements delegated to the CIOs at public universities, the public university must follow ITS' Sole Source Procedure, including advertisement of the intent to award as sole source. Institutions certifying a sole source purchase must ensure the criteria listed above are met and documented in writing by the institution and the Interested Party prior to certifying a product or service as sole source. Sole source documentation must be reviewed and approved by the IHL's CIO for any sole-source certification above $5,000. All sole source documentation should be retained in the public university's procurement file. Sole source requests above $250,000 lifecycle cost require ITS approval.

Attachment C: Sole Source Procurement Overview

Other than the delegations outlined above, all sole source technology procurements must be certified by ITS. The customer's Sole Source Certification Request for this project is included as Attachment A.

ITS thoroughly reviews Sole Source Certification Requests, determining if competing products and/or services exist. If so, ITS conducts a competitive procurement. If ITS' review confirms the sole source, then a Sole Source advertisement is issued, giving other Interested Parties an opportunity to identify competing products and/or services. Based upon the results of the Sole Source advertisement, ITS will either certify the request as a sole source or conduct a competitive procurement.